

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR\_RCP\_pt01a
- 05hrAC-EdR\_RCP\_pt01b
- 05hrAC-EdR\_RCP\_pt02

➤ Appointments ... Appt

➤ \*\*

➤ Clearinghouse Rules ... CRule

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➤ Committee Hearings ... CH

➤ \*\*

➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

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➤ Hearing Records ... HR

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➤ Miscellaneous ... Misc

➤ 97hrJC-Fi\_Misc\_pt70a\_LFB

➤ Record of Comm. Proceedings ... RCP

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# **Milwaukee County Child Welfare Services**

**Overview of Milwaukee County Child Welfare Services (Paper #465)**

To: Joint Committee on Finance  
From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Kinship Care Funding (DHFS -- Children and Family Services and Supportive Living)**

[LFB Summary: Page 312, #9]

## CURRENT LAW

Kinship care was created in 1995 Wisconsin Act 289 to replace aid to families with dependent children (AFDC) benefits for children who are under the care and supervision of a non-legally responsible relative (NLRR). Relatives are required to apply to counties for assessment to determine if they are eligible to receive kinship care payments.

Under the AFDC program, individuals caring for the child of a relative could receive AFDC benefits based on the income and assets of the child. As of February, 1997, there were 8,677 children receiving AFDC benefits while in the care of a relative. These benefits are discontinued effective July 1, 1997 with the enactment of kinship care.

## GOVERNOR

Provide \$22,840,700 (\$3,004,800 GPR, \$4,115,500 FED and \$15,720,400 PR) in 1997-98 and \$29,156,300 (\$2,970,800 GPR, \$4,069,100 FED and \$22,116,400 PR) in 1998-99 for DHFS to make kinship care payments, including:

- \$7,120,300 (\$3,004,800 GPR and \$4,115,500 FED) in 1997-98 and \$7,039,900 (\$2,970,800 GPR and \$4,069,100 FED) in 1998-99 to reimburse counties for payments: (a) made to relatives who become licensed foster parents; (b) for children that are removed to non-relative foster care; and (c) teenage parents living in foster care; and

• \$15,720,400 PR in 1997-98 and \$22,116,400 PR in 1998-99 from TANF block grant funds transferred from DWD to fund kinship care payments to relatives that are not licensed foster parents and who care for children in need of protection or services or children at risk of being in need of protection or services.

## DISCUSSION POINTS

1. SB 77 would extend the date on which all NLRR payments are discontinued from July 1, 1997, to December 31, 1997, to provide more time for counties to convert NLRR cases to kinship care.

2. On April 24, 1997, DOA Secretary Bugher sent a letter to the Co-Chairs of the Committee requesting that funding for kinship care payments be modified by: (a) reducing funding for foster care payments by \$221,800 GPR and \$497,900 FED in 1997-98 and \$25,300 GPR and \$112,300 FED in 1998-99; and (b) increasing funding for kinship care payments and assessments by \$2,485,300 PR in 1997-98 and reducing funding for these purposes by \$2,065,300 PR in 1998-99 based on new information relating to the implementation of the Wisconsin Works program.

The administration's reestimates are based on:

- Fewer children currently in families receiving NLRR payments, from 9,500 as originally projected under SB 77, to 8,750;

- Fewer assessments, since the estimated number of assessments should be based on the number of families receiving assessments, rather than the number of children for whom assessments would be conducted, as assumed in SB 77; and

- Revised estimates of when counties would convert the existing caseload of children from AFDC to kinship care.

3. However, this reestimate does not reflect the potential use of kinship care by counties for children in the child welfare system that have been removed from their home because their parents are either unable or unavailable to care for them. Under current state law, if a child is removed from his or her home, either under a court order or a voluntary agreement, counties are required to review the potential of placing a child with a relative and to justify why a placement with a relative is not appropriate. As a result, when a relative is available and appropriate, it is reasonable to expect that counties will use kinship care to place children in the child welfare system with relatives.

The funding that would be provided in SB 77 and under the administration's reestimates is based on a survey conducted of a number of counties in 1995. Based on the counties'

responses, the administration applied the responses to the survey to estimate the share of the current population of children eligible for NLRR payments under AFDC. However, this methodology does not reflect the potential increased use of kinship care by counties.

4. Beginning January 1, 1998, DHFS will assume responsibility of administering child welfare services in Milwaukee County. DHFS expects to place 35% of children new to the Milwaukee child welfare system in out-of-home care with relatives and provide kinship care payments to those relatives. Currently, approximately 26% of the children in the Milwaukee County child welfare system are placed with relatives who receive NLRR payments. Funding provided in SB 77 and under the administration's reestimates do not reflect this projected increase in the use of kinship care.

In addition to this adjustment, funding provided for kinship care should be modified to reflect:

- Reduced costs for initial assessments of cases involved in the child welfare system. Counties should not incur costs for assessing kinship care placements for these children, since these assessments would already occur when the child enters the child welfare system; and

- Reduced costs for reassessments required under kinship care, since it is reasonable to assume that the time required to reassess a case should not require the same amount of time to initially assess the case.

5. The following table summarizes current reestimates of the costs of kinship care and the funding provided under SB 77.

<u>1997-98</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
SB 77 Funding	\$3,004,800	\$4,115,500	\$15,720,400	\$22,840,700
Reestimate				
Benefits	\$4,678,800	\$1,932,600	\$13,985,300	420,596,700
Assessments	<u>187,000</u>	<u>187,000</u>	<u>1,735,100</u>	<u>2,109,100</u>
Total Funding Required	\$4,865,800	\$2,119,600	\$15,720,400	\$22,705,800
Change to Bill	\$1,861,000	-\$1,995,900	\$0	-\$134,900
<u>1998-99</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
SB 77 Funding	\$2,970,800	\$4,069,100	\$22,116,400	\$29,156,300
Reestimate				
Benefits	\$1,662,000	\$2,087,200	\$20,652,400	\$24,401,600
Assessments	<u>112,800</u>	<u>112,800</u>	<u>1,464,000</u>	<u>1,689,600</u>
Total Funding Required	\$1,774,800	\$2,200,000	\$22,116,400	\$26,091,200
Change to Bill	-\$1,196,000	-\$1,869,100	\$0	-\$3,065,100

6. Under current law, DHFS is required to make kinship care payments to individuals who have been determined, through an assessment, to be eligible for such payments. As a matter of practice, DHFS delegates the authority to make these payments to counties.

DHFS staff contend that, because the current statutes make a reference to the appropriation used to support these payments, it is not clear whether counties are required to make these payments, or whether payments are subject to the amounts budgeted for these payments. By extending this argument, DHFS staff indicate that it may be permissible for counties to establish waiting lists for these payments if state funding is insufficient to meet the costs of making these payments.

7. In order to address this issue, the Committee could clarify the current statutory provision by either: (a) deleting references to the statutory appropriation; or (b) explicitly stating that funding for kinship care payments to families is limited to the amount appropriated for this purpose.

## ALTERNATIVES TO BILL

### A. Funding

Modify total funding for kinship care and related foster care payments and assessments by -\$134,900 (\$1,861,000 GPR and -\$1,995,900 FED) in 1997-98 and -\$3,065,100 (-\$1,196,000 GPR and -\$1,869,100 FED) in 1998-99 to reflect the following reestimates: (a) increased kinship care payments and assessments (\$3,329,200 GPR in 1997-98 and \$188,800 GPR in 1998-99); and (b) reduced foster care costs related to kinship care (-\$1,468,200 GPR and -\$1,995,900 FED in 1997-98 and -\$1,384,800 GPR and -\$1,869,100 FED in 1998-99). In addition: (a) specify that GPR funds budgeted under this item can be used to support the cost of kinship care payments; and (b) create separate appropriations to fund assessments.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$665,000	- \$3,865,000	- \$3,200,000

### B. Entitlement to Payments

1. <sup>FAIL</sup> Modify current program statutes to delete references to the appropriation from which these payments are made.

2. <sup>FAIL</sup> Modify current program statutes to specify that funding for kinship care payments to families is limited to the amount appropriated for this purpose.

Prepared by: Rachel Cissne

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Modification

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To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Kinship Care Statutory Provisions (DHFS -- Children and Family Services and Supportive Living)**

[LFB Summary: Page 312, #9]

## CURRENT LAW

Kinship care was created in 1995 Wisconsin Act 289 to replace aid to families with dependent children (AFDC) benefits for children who are under the care and supervision of a non-legally responsible relative (NLRR). Relatives are required to apply to counties for assessment to determine if they are eligible to receive kinship care payments.

*Kinship Care Assessment.* To determine if a relative is eligible for a kinship care payment, counties must conduct an assessment of the case. The assessment must determine whether: (a) the placement of the child with the relative is in the best interest of the child; (b) the child is in need of protection or services or at risk of being in need of protection or services; and (c) the relative, his or her employees and prospective employees who have or would have regular contact with the child and any other adult resident of the kinship care relative's home has any arrests or convictions that could adversely affect the child or the kinship care relative's ability to care for the child.

Counties are required to reassess the placement of a child with a relative for which a kinship care payment is made every 12 months to determine whether the conditions which demonstrated the need for the placement continue to exist. If the conditions which led to the placement do not exist, the kinship care payment is discontinued.

*Requirements for Counties to Assess Current NLRR Recipients.* Act 289 requires counties, when conducting regularly scheduled reinvestigations of NLRR recipients as required under the



AFDC program, to assess whether the relative is eligible for kinship care and conduct the required criminal background investigation. Immediately after conducting the assessment and the required criminal background investigation, each county must terminate NLRR payments for that relative. If the relative is eligible for kinship care payments, the county must provide a kinship care payment of \$215 or, if eligible, a foster care payment based on the applicable uniform foster care rate. Each county must conduct the assessment, conduct the criminal background investigation and terminate AFDC NLRR payments by July 1, 1997.

*Administration of Kinship Care.* Currently, DWD is responsible for providing funding to counties to support the costs of the kinship care program. Under provisions of Act 289, effective, July 1, 1997, DHFS will assume this responsibility.

*Federal AFDC Waiver.* DWD is required to request a waiver from the U.S. Department of Health and Human Services to enable the state to provide kinship care payments in lieu of AFDC payments. If the state does not receive the waiver, DWD is prohibited from providing kinship care payments to current NLRR recipients. Enactment of the recent federal welfare legislation (P.L. 104-193) eliminated the federal AFDC program, and replaced it with the temporary assistance for needy families (TANF) program, which provides block grants to states for economic assistance programs.

## GOVERNOR

*Assessment of Current NLRR Recipients.* Extend the date by which counties must complete all assessments and background investigations to determine whether an NLRR recipient is eligible for kinship care payments from July 1, 1997 to December 31, 1997.

*Administration of Kinship Care.* Specify that DHFS, rather than DWD, must begin making kinship care payments, or foster care payments to eligible relatives, immediately after counties conduct the assessment and background investigation required for current NLRR recipients, rather than after July 1, 1997, as provided under current law.

*Supplemental Security Income Recipients.* Prohibit DHFS from making kinship care payments to a relative on behalf of a child, if the child is receiving state payments under the supplemental security income (SSI) program.

*Clarify Requirements of Criminal Background Investigations.* Require DHFS or a county conducting background investigations of a kinship care relative to determine whether the relative, employe, prospective employe or adult resident has any arrests or convictions that could adversely affect the child or the relative's ability to care for the child.

*Federal Waiver.* Delete the requirement that DWD request and receive a waiver from federal AFDC regulations to permit DHFS to terminate AFDC NLRR payments to relatives by

July 1, 1997. Instead, prohibit a relative who is receiving AFDC payments on behalf of a child on the bill's effective date from receiving AFDC payments after either: (a) December 31, 1997; or (b) the date of the first reinvestigation of the relative under AFDC occurring after the bill's effective date, which ever comes first. If a relative is not receiving NLRR benefits on the bill's effective date, no NLRR payment can be made to the relative on or after the bill's effective date.

## **DISCUSSION POINTS**

1. Under SB 77, the extension of the deadline for elimination of NLRR payments to December 31, 1997, is intended to reflect the required time counties need to assess all cases receiving NLRR payments before those payments are eliminated. Counties will not be able to comply with the July 1, 1997, deadline under current law.

2. SB 77 would transfer authority for administering kinship care from DWD to DHFS on a retroactive basis to reflect the current agreement between DHFS and DWD, under which DHFS is currently providing kinship care allocations to counties, rather than DWD as provided under current law.

3. As a technical correction, SB 77 would clarify that DHFS or a county conducting a background investigation of a kinship care relative determine whether the kinship care relative, employee, prospective employee or adult resident has any arrests or convictions that could adversely affect the child or the relative's ability to care for the child. Under current law, a criminal background investigation is required for these individuals, however, the determination relating to the child's safety or the kinship care relative's ability to care for the child is not required to include the information received on an employee or prospective employee of the kinship care relative.

### **Kinship Care Appeals Process**

4. 1995 Wisconsin Act 289 created a process to review a denial of a kinship care payment based on a background investigation. Under Enrolled Senate Bill 591 (later enacted as Act 289), if kinship care payments were denied based on the conviction record of an individual, that kinship care relative would have been permitted to petition for a review of the denial under rules promulgated by DHFS. As a result of the Governor's partial veto of Enrolled SB 591, the appeal process for kinship care was eliminated. In his veto message, the Governor directed the DHFS Secretary to recommend the best method for individuals to make appeals for the entire kinship care program, not just for an appeal regarding the criminal background investigation, indicating his view that this is a larger issue that is not addressed in the W-2 legislation.

5. On May 12, 1997, DHFS requested a statutory modification to SB 77 which would require DHFS to promulgate rules defining an appeals procedure for the kinship care program.

The appeals process requested by DHFS would apply to relatives whose kinship care application is denied or whose kinship care payments were discontinued as a result of a reassessment. These individuals could appeal the decision to the DOA Division of Hearings and Appeals for review of the denial. The scope of the hearing would be limited to the county's determination that kinship care payments not be provided under criteria relating to: (a) whether the placement of the child with the relative is in the best interest of the child; (b) whether the child is in need of protection or services or would be at risk of becoming in need of protection or services if the child remained in his or her home; or (c) whether the relative cooperates with the county during the application process.

The rules promulgated under this provision would require that counties establish written policies and procedures defining the process to be used in assessing kinship care applications and that the Division of Hearings and Appeals would affirm the county's decision if the decision was substantially justified. Individuals would not be able to appeal the denial of kinship care payments on the ground of information received as a result of the criminal background investigation or the relatives statements to the affects of his or her criminal background, the criminal background of his or her employees, prospective employees, or adults residents in the relative's home.

6. Under current law, kinship care relatives would be able to appeal denial of kinship care payments according to procedures outlining a general right of individuals to appeal decisions made by public agencies. Specifically, individuals filing a written request with an agency for hearing have the right to a hearing which is treated as a contested case if: (a) a substantial interest of a person is injured or threatened with injury; (b) there is no evidence of legislative intent that the interest is not to be protected; (c) the injury to the person requesting a hearing is specific to the individual as opposed to injury to the general public; and (d) there is a dispute of material fact. This general right to contest decisions made by public agencies is valid only if a specific appeals process is not otherwise authorized.

7. The statutory changes requested by DHFS do not address a number of issues, including: (a) the length of time in which an individual may appeal a decision; (b) whether an individual applying for kinship care payments can appeal a lack of action on an application; (c) whether an individual will receive kinship care payments while the appeal is proceeding; (d) how retroactive payments would be addressed if a decision is reversed; (e) whether an individual will be able to present evidence and testimony, be represented by legal counsel and have access to records pertaining to their case as provided under current AFDC provisions; (f) the time period in which the Division of Hearings and Appeals must make a determination on the appeal; and (g) how the costs of the Division of Hearings and Appeals would be supported.

8. The Committee could establish an appeals process for denial of kinship care payments based on determinations other than the criminal background investigation, consistent with the current appeals process under the AFDC program. On May 21, 1997, the Committee approved the establishment of an appeals process specific for benefits paid under the MA

program as provided in SB 77. This MA appeals process is consistent with the appeals process available under the AFDC program. The use of the same appeal process for kinship care payments would provide consistency among appeals procedures available under entitlement programs.

### **Authority of DHFS to Administer Kinship Care in Milwaukee County**

10. SB 77 would provide DHFS the authority to assess individuals who apply for kinship care payments and to provide payments to individuals that qualify for kinship care payments in counties with a population of 500,000 or more (Milwaukee County) effective January, 1, 1998. Since introduction of SB 77, DHFS has requested the joint authority with Milwaukee County to administer kinship care in Milwaukee County, beginning with the general effective date of SB 77.

11. DHFS requests this authority to assist Milwaukee County in assessing current relatives receiving NLRR payments until December 31, 1997, when DHFS will completely assume this responsibility. It is anticipated that Milwaukee County will assess relatives receiving NLRR payments when the placement of the child in the relative's home is the result of a court order. Approximately 1,350 children in Milwaukee County are under this type of court order. DHFS would assess cases and conduct criminal background investigations where there is no court order requiring the child's placement in the home. DHFS expects to contract for these assessments.

### **ALTERNATIVES TO BILL**

#### **A. Kinship Care Appeals Process**

1. Modify the Governor's recommended statutory changes by specifying that a kinship care relative whose application to a county for kinship care payments has been denied, or who has been denied renewal of payments, may appeal to the Division of Hearings and Appeals for review of the denial. The scope of the hearing would be limited to the county's application criteria relating to the determination of the best interests of the child, whether the child is in need of protection or services or at-risk of being in need of protection or services, and whether the applicant cooperated with the county. The Division of Hearings and Appeals would affirm the county's decision if the decision was substantially justified. Direct DHFS to promulgate rules defining the appeals procedure to be used for kinship care. Require counties to establish written policies and procedures defining the process to be used in assessing kinship care applications.

2. Modify the Governor's recommended statutory changes by establishing an appeals process for kinship care payments consistent with the appeals process established for the AFDC

program and the MA program as established by SB 77, but specify that appeals of a determination made based on information regarding the criminal background investigation would not be subject to this appeals process.

3. Adopt the Governor's recommended statutory changes in SB 77, but retain current law relating to kinship care appeals.

**B. Authority of DHFS to Administer Kinship Care Payments in Milwaukee County**

1. Authorize DHFS to jointly administer the kinship care program in counties with a population of 500,000 or more (Milwaukee County), effective with the bill's general effective date and effective, January 1, 1998, specify that DHFS will be responsible for administering the kinship care program in counties with a population of 500,000 or more.

2. Take no action.

Prepared by: Rachel Cissne

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AYE 16 NO 0 ABS

To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Milwaukee County Child Welfare Services (DHFS -- Children and Family Services and Supportive Living)**

[LFB Summary: Page 305, #7 and Page 309, #8]

1995 Wisconsin Act 303 directed the Secretary of the Department of Health and Family Services (DHFS) to propose legislation by September 15, 1996, to transfer the duty and authority to provide child welfare services in Milwaukee County from the Milwaukee County Department of Social Services to DHFS no later than January 1, 1998. This proposal was incorporated into the Governor's 1997-99 biennial budget recommendations.

This paper provides background information on this issue and a description of the SB 77 provisions. This office will prepare a number of budget papers on this issue.

## BACKGROUND

### **ACLU Lawsuit and Recent Legislation**

**ACLU Lawsuit.** In 1993, the American Civil Liberties Union (ACLU) Children's Rights Project (now the Children's Rights, Inc.) filed an action on June 1, 1993, in the Federal District Court for the Eastern District of Wisconsin on behalf of a purported class of approximately 5,000 children who are receiving or should be receiving child welfare services in Milwaukee County. The Milwaukee County Executive, the Director of the Milwaukee County Department of Human Services, the Governor and the Secretary of the Department of Health and Social Services (now the Department of Health and Family Services) were named as defendants.

The complaint is a broad-based challenge to the administration of the entire Milwaukee County child welfare system, alleging that the county, among other things, fails to investigate complaints of abuse and neglect, fails to provide services to avoid unnecessary out-of-home placements, fails to provide appropriate out-of-home placements and fails to terminate parental rights and secure permanent placements for children who cannot be returned to their birth families. The complaint alleges that the state fails to adequately supervise and fund the Milwaukee County system.

During the 1995 legislative session, Acts 27 and 303 initiated the state's takeover of responsibility for providing child welfare services in Milwaukee County to remedy the situation.

**Act 27.** 1995 Wisconsin Act 27 directed the Department to submit a proposal to the Legislature by April 1, 1996, under which it would assume responsibility for operation of the Milwaukee County child welfare system as of January 1, 1998. The parties to the lawsuit then entered into settlement negotiations based on the possibility that the state would be assuming responsibility for child welfare services in Milwaukee County. However, negotiations broke down in February, 1996, and the parties were prepared to go to trial.

**Act 303.** 1995 Wisconsin Act 303, enacted in May, 1996, provided initial funding, positions, and statutory authority for DHFS to plan for providing child welfare services in five neighborhood districts in Milwaukee County, beginning January 1, 1998. Specifically, Act 303 provided for:

- Creation of the Milwaukee Child Welfare Partnership Council and Advisory Committees;
- Establishment of a medical assistance benefit for care coordination for certain pregnant women and children under age seven in Milwaukee County;
- Proposed legislation, system planning and development activities, and contracting to transfer child welfare services from the county to the state; and
- Funding and positions, in 1996-97, for DHFS to plan for and initiate the transfer of the child welfare system from the county to the state;
- Funding, in 1996-97, to facilitate the termination of parental rights for children in Milwaukee County; and
- Funding for an automated case management information system to assist the Department in managing the child welfare system in Milwaukee County.

**Recent Court Action.** On January 31, 1997, the plaintiffs filed a motion for a preliminary injunction to direct Milwaukee County to make immediate changes in certain aspects of its child

welfare system to prevent further physical harm to members of the plaintiff class. Specifically, the injunction asked the court to direct Milwaukee County to: (a) provide sufficient staff and telephone lines so that mandated reports of abuse and neglect can quickly report potential abuse 24-hours a day, seven days a week; (b) require the Milwaukee County to ensure proper staffing and training so that reports of abuse are investigated promptly; and (c) require the state to establish an appropriate monitoring and quality assurance system. The Court has not decided on the injunction.

On March 3, 1997, the Court ordered a partial summary judgement in favor of the state defendants dismissing constitutional claims, indicating that by assuming responsibility for the child welfare system in Milwaukee County, (as outlined in Act 303), the state took supervisory action based on an exercise of professional judgement. However, the Court also ordered that the trial will go forward, since the state takeover does not alter statutory obligations for providing services to children in need of protection and services and the state has not yet made a showing whether, under state administration, the statutory obligations would be met. A trial date has not been set.

### **Child Welfare Services Under Current Law**

***Children in Need of Protection and Services.*** A child in need of protection or services (CHIPS) case is adjudicated by the juvenile court in each county under a process outlined in Chapter 48 of the statutes (the Children's Code). A CHIPS case may involve a child without a parent or guardian, a child who has been abandoned, a child who has been the victim of abuse or neglect, or a child who is at substantial risk of becoming the victim of abuse or neglect. Once a juvenile court adjudicates a child as a CHIPS case, the court orders a disposition of the case, which outlines the needs of the child and a plan for ensuring appropriate treatment is received. The dispositional process includes determining whether custody of the child should be transferred to the county and whether the child should be placed in out-of-home care. Dispositional orders are valid for one year, unless extended by the court.

***Permanency Plans.*** When the court dispositional order includes out-of-home placements, the appropriate child welfare agency is responsible for developing a permanency plan based on the court's disposition. This permanency plan must be approved and filed with the court ordering the placement within 60 days of the dispositional order. The permanency plan identifies the goal for a permanent placement for the child and the services provided to the child and his or her family in order to achieve the permanency plan goal. Permanency plan goals can include: (a) reunification with birth family; (b) transfer of legal guardianship to a relative; (c) termination of parental rights in order to legally free the child for adoption; and (d) long-term foster care for children for whom adoption is unlikely.

***County Responsibilities.*** Under current law, counties are responsible for administering child welfare services, including: (a) providing intake and investigation services to determine if a child has been abused or neglected; (b) dispositional services to the juvenile court in each



county, including case management services to children placed in out-of-home care to ensure that the permanency plan is carried out; and (c) services to children whose parental rights are terminated and placed for adoption.

**Placement Costs.** In addition to providing child welfare services, counties are responsible for the placement costs of children in out-of-home care. In December, 1996, approximately 8,400 children statewide were in foster care. In addition, children are placed with relatives, in group homes or child caring institutions. Since January 1995, the minimum monthly cost for a child in foster care is: (a) \$282 for a child under five years of age; (b) \$307 for children ages five through 11; (c) and \$349 for children ages 12 through 14; and (d) \$365 for children ages 15 and over. In addition, for children with special needs, these rates are supplemented according to a process outlined in administrative rule. For children with exceptional needs, counties can provide up to \$2,000 to foster parents for care and maintenance. Placement in foster care provides categorical eligibility for medical assistance.

**Funding to Support County Costs of Providing Child Welfare Services.** Federal funds provided under Title IV-E of the federal Social Security Act reimburse states for the costs of providing child welfare services for children from families eligible for the aid to families with dependent children (AFDC) program. Under Title IV-E, states receive 50% reimbursement for administrative costs of providing child welfare services to children from AFDC-eligible homes and approximately 60% of placement costs for those children.

DHFS claims costs for reimbursement under Title IV-E based on information reported by counties. These funds are distributed to counties under community aids. In 1996-97, \$40.2 million FED in Title IV-E funds is budgeted for community aids. To the extent state funding from community aids is not sufficient to fund county costs for social and human services, counties must support these costs from other state aids, federal or nonprofit grants, or the local property tax.

## **GOVERNOR'S RECOMMENDATIONS**

As required by 1995 Wisconsin Act 303, DHFS submitted a plan to the Department of Administration in October, 1996, which was incorporated into SB 77. The following table identifies the total additional funding and positions DHFS would be budgeted to support this initiative in each year of the 1997-99 biennium.

**Milwaukee County Child Welfare  
Funding and Position Increase Provided in SB 77**

	<u>Funding</u>		<u>Positions</u>
	<u>1997-98</u>	<u>1998-99</u>	<u>(Each Year)</u>
GPR	\$9,533,600	\$20,456,400	89.43
FED	17,757,400	28,603,200	37.20
PR	<u>32,793,900</u>	<u>55,716,900</u>	<u>1.12</u>
Total	\$60,084,900	\$104,776,500	127.75

In calendar year 1995, Milwaukee County expended approximately \$69.1 million (all funds) for child welfare services. Under SB 77, the total amount of funding that would be available to support these services in 1998-99, the first full fiscal year under DHFS administration, would be \$115.0 million, or approximately 66.4% greater than the amount expended by Milwaukee County in 1995.

In developing a budget for the provision of services, DHFS used central office and regional staff, county staff and contracted staff consultants to conduct a needs assessment of the child welfare system in Milwaukee County. This needs assessment was used as the basis for determining the level of services which would be required in Milwaukee County.

***DHFS System Structure.*** The child welfare system designed by DHFS and funded in SB 77 is based on providing services through five neighborhood-based service delivery sites and a central administrative site located in the City of Milwaukee. A total of 127.75 new state positions and \$4,533,400 (all funds) in 1997-98 and \$6,056,300 (all funds) in 1998-99 for staff-related costs would be provided under SB 77.

DHFS created a Bureau of Milwaukee Child Welfare within its Division of Children and Family Services. In addition to the 127.75 new state positions that would be authorized in SB 77, 43.0 positions, including 40.0 positions authorized in Act 303, will be incorporated into the DHFS plan. The Governor's budget includes full funding of these positions in the 1997-99 biennium. These positions, while included in the description of the plan below, are not reflected in the table above. With the additional positions that would be authorized under SB 77, DHFS would be authorized a total of 170.75 positions to provide child welfare services in Milwaukee County.

An additional 510.50 county and contract staff, \$14,081,600 (all funds) is budgeted in 1997-98 and \$25,777,000 (all funds) in 1998-99 for child welfare services that will be provided by vendors under contract with DHFS. DHFS intends to sign contracts for staff and other services after the effective date of the bill.

***DHFS Management and Administration.*** Management staff in the Bureau of Milwaukee Child Welfare will consist of a director located in Madison, a Milwaukee child welfare reform director that will be responsible for administration of the child welfare system in Milwaukee County and a manager at each of the five neighborhood service delivery sites. Each of these management positions will be supported by an administrative assistant. The central administrative site will also have two clerical support positions.

A total of 16.0 staff will be responsible for ensuring procedures and standards are adhered to among the five service delivery sites and the central sites and monitoring the contracts for staff and services provided under the DHFS plan. In addition, the budget provides for 1.0 attorney, 2.0 training officers, a 0.75 payroll and benefits specialist and 3.0 project senior accountants to provide fiscal services. A total of \$994,500 (all funds) in 1997-98 and \$1,326,000 (all funds) in 1998-99 would be provided for administrative staff costs.

The design of the child welfare system in Milwaukee County under DHFS administration includes three primary staff service functions: (1) intake; (2) assessment; and (3) on-going case management. The following table identifies the staffing and caseloads that would be provided under the Governor's budget and DHFS estimates of current Milwaukee County staff for the three primary staff services functions for providing child welfare services.

	<u>Social Workers</u>		<u>Monthly Caseload Per Social Worker</u>	
	<u>Milwaukee County</u>	<u>DHFS</u>	<u>Milwaukee County</u>	<u>DHFS</u>
Intake System	10	9	116	129
Assessment/Investigation	50	85	25	12
Case Management	150	250	30-40	18

In addition to staff services, the child welfare system is responsible for funding direct services and placement costs for children in need of protection and services. The various aspects of the child welfare system under DHFS administration are described below.

***Intake System.*** The intake system for receiving all incoming reports of possible child abuse or neglect would be located at a central administrative site. The staff unit responsible for providing intake services would consist of 9.0 social workers, 2.0 supervisors, and 2.0 clerical staff that would be responsible for receiving approximately 1,160 reports of possible abuse or neglect per month. Staff would be available 24 hours per day to accept these calls. DHFS anticipates that each intake social worker would require approximately 45 minutes per report. Milwaukee County currently has 10.0 social workers and 1.0 supervisor that are responsible for similar functions.

Social workers and their supervisors would be responsible for identifying cases which should be screened into the system or referred to other resources within the community. Cases screened into the system would be referred to the appropriate neighborhood service delivery area for assessment.

**Assessment.** DHFS anticipates that 88% of the reports received by the intake system would be screened into the child welfare system for assessment (1,023 per month). The assessment unit would be comprised of 85 social workers, 15 supervisors and 15 clerical staff located among the five neighborhood service delivery sites. This unit would be responsible for receiving reports from the central intake system and investigating those reports to determine if abuse or neglect have occurred and whether a child is safe in his or her home. This determination would be based on interviews with family members, home visits and other contacts in order to determine the level and nature of child, caregiver and family functioning, and identification of any factors within the family that place a child at risk. Based on the standards developed by DHFS, each social worker would complete an average of 12 assessments per month. Milwaukee County currently has approximately 50 social workers, each of whom investigate approximately 25 cases each per month.

At the assessment stage, DHFS assumes that 31% of cases will require either mental health or substance abuse evaluations to determine the safety of the child in the home. SB 77 provides \$467,100 in 1997-98 and \$934,200 in 1998-99 for these evaluations.

If the assessment social worker substantiates the allegations of abuse or neglect and determines that the child may be at risk of further abuse or neglect, a case is opened and a determination is made whether the child can remain at home with appropriate services provided, or if the child needs to be removed and placed in alternate care. Otherwise the case is closed.

DHFS projects that approximately 55% of the reports screened into the child welfare system for assessment (approximately 560 cases per month) will be opened at the assessment stage. Of this group, 48%, or 270 cases per month will be referred to the safety services program. These are cases where it is determined that a child may be at risk of abuse or neglect, but with appropriate services, the child can remain safely in his or her home.

**Safety Services.** The safety services program will provide up to five months of safety services to families referred to it by the assessment units of the child welfare system. DHFS will contract with a safety service coordinator for each of the five neighborhood service delivery sites. These coordinators will be responsible for managing the safety services program and providing safety services managers and providers.

During the period of service, an assigned safety services manager and safety service providers will work with the family to assist them in controlling for child safety, stabilize family functioning, and accessing necessary formal and informal supports. Specific safety services

funded in SB 77 include: (a) supervision, observation, basic parenting assistance, social and emotional support and basic home management; (b) child care; (c) routine and emergency drug and alcohol services and screening; (d) family crisis counseling; (e) routine and emergency mental health services; and (f) respite care. Families will receive services that are appropriate to their specific situation as determined by the assessment social worker and the safety services manager. A total of \$7,082,600 (all funds) is budgeted in 1997-98 and \$22,176,600 (all funds) in 1998-99 for these services.

**Temporary Care.** If, at the assessment stage, the social worker determines that the child cannot remain safely in the home, the child is removed from that home and usually placed in temporary care until either the child can safely return home, or another out-of-home placement can be arranged. DHFS anticipates the average length of stay in temporary care will be 14 days. A total of \$898,600 (all funds) is budgeted in 1997-98 and \$1,797,100 in 1998-99.

**Out-of-home Placement Costs.** DHFS anticipates that, on January 1, 1998, it will become responsible for approximately 5,200 children living in out-of-home care in Milwaukee County. In addition, approximately 351 new children per month will be placed in out-of-home care. The projected average length of stay for all children in out-of-home care is 17 months. Most children will be placed in foster homes with average length of stays of 12 to 14 months. The following table identifies the anticipated type of placement for new cases and the total funding provided for each type of placement in SB 77.

<u>Type of Placement</u>	<u>Percent of New Cases</u>	<u>1997-98 All Funds</u>	<u>1998-99 All Funds</u>
Foster Home	58%	\$11,244,300	\$24,303,200
Relative	35	*	*
Treatment Foster Home	3	2,223,000	3,128,800
Child Caring Institution	3	2,516,100	5,015,500
Group Home	<u>1</u>	<u>314,400</u>	<u>892,600</u>
Total	100%	\$16,297,800	\$33,340,100

\* Kinship care payments would support the costs of care for children placed with relatives. SB 77 provisions relating to kinship care will be addressed in a separate paper prepared by this office.

**Foster Care Placement Services.** DHFS intends to contract with Milwaukee County Department of Human Services for foster care placement services to recruit and license foster homes and provide support for foster families. These staff will work closely with case management staff to match children with an appropriate foster home. SB 77 includes \$2,446,900 (all funds) in 1997-98 and \$4,763,400 (all funds) in 1998-99 for 72 social workers, 12 supervisors and 12 clerical staff to provide foster care placement services.

In addition, SB 77 provides \$250,000 annually (all funds) for publicity to recruit foster families and \$276,500 (all funds) in 1997-98 and \$552,900 (all funds) in 1998-99 for foster parent training.

***Ongoing Case Management.*** Once a child is placed in out-of-home care, a social worker is assigned to that case to provide on-going case management services. These services include the following:

- Re-assessing child safety on a continual basis;
- Conducting a family assessment and developing a treatment plan in order to assemble treatment services necessary to ameliorate any results of abuse or neglect;
- Changing core conditions that create safety and risk concerns with the family;
- Developing and implementing a plan to work toward reunification with the natural family or another permanent home environment; and
- Preparing all necessary documentation for permanency plan reviews, extensions of out-of-home placement court orders and prosecution of termination of parental rights cases.

SB 77 provides funding for 250 case managers, 40 supervisors and 40 clerical staff to be divided among the five neighborhood service delivery areas. DHFS intends to contract with Milwaukee County Department of Human Services to provide case management services in two of the sites. The remaining three sites would be serviced by private vendors. Responses to a request-for-proposal for the three private vendor sites were due to DHFS by May 15, 1997. Based on the staffing proposal included in SB 77, each case manager would be assigned 18 families.

In addition, each vendor and Milwaukee County would be responsible for providing a court social worker liaison to be the primary contact between the judicial system and the social workers located at the five neighborhood sites. These social workers would be responsible for routine court work as well as ensuring that cases coming up in court are appropriately prepared and documented. In SB 77, funding for contracted case management services totals \$9,160,400 (all funds) in 1997-98 and \$16,642,500 (all funds) in 1998-99.

***Continuing Services.*** To ensure permanency plan outcomes, DHFS is budgeting for continuing services for children and families. The lawsuit filed by the ACLU, was particularly critical of the lack of on-going services provided to children in out-of-home care and their families in order to achieve permanency plan goals.

DHFS has budgeted continuing services for children and their families based on permanency plan requirements. Continuing services include: (a) parenting education, non-

professional support and counseling, basic home management and life skills education; (b) mental health, substance abuse, family, individual, group and marital counseling; (c) substance abuse treatment; (d) child care; (e) respite care; and (f) transportation. The amount included in SB 77 for on-going services totals \$1,659,300 (all funds) in 1997-98 and \$8,591,400 (all funds) in 1998-99.

In addition, SB 77 provides \$396,000 (all funds) in 1997-98 and \$792,000 (all funds) in 1998-99 for the Wraparound Milwaukee program. This program provides an integrated service plan approach for providing services to children with severe emotional disturbances. The funding in SB 77 provides for 20 slots to prevent the need for placing children in child caring institutions or for children leaving child caring institutions.

***Adoption Placement Services.*** Under the proposal, approximately 13% of new cases and 30% of existing case in out-of-home care are expected to have permanency plan goals of termination of parental rights (TPR). DHFS intends to contract with Milwaukee County Department of Human Services for adoption placement services to recruit potential adoptive families, and study those families to determine if they are appropriate homes for adoption. This staff will also work with ongoing case managers to place children with appropriate families. SB 77 provides a total of \$1,453,500 (all funds) in 1997-98 and \$2,829,600 (all funds) in 1998-99 and 43 social workers, 7 supervisors and 7 clerical staff to provide adoption placement services. In addition, \$250,000 annually (all funds) is provided for publicity costs to recruit potential adoptive families.

***Other Services.*** The bill provides funding for: (a) independent investigations for cases involving allegations of abuse or neglect in foster homes (\$90,000 in 1997-98 and \$180,000 in 1998-99); and (b) foster care review board for semi-annual review of permanency plans (\$60,000 in 1997-98 and \$120,000 in 1998-99).

***Administrative Costs.*** In addition to administrative staff services described above, the bill includes funding for a number of administrative functions, including;

- Development and implementation of an automated case management system (\$7,272,700 in 1997-98 and \$3,287,200 in 1998-99);
- Determination of eligibility for reimbursement of costs from federal medicaid and Title IV-E programs (\$244,300 in 1997-98 and \$488,600 in 1998-99).
- One-time training costs and on-going staff development (\$570,000 in 1997-98 and \$503,800 in 1998-99; and
- Furniture and travel costs (\$1,392,600 in 1997-98 and \$525,500 in 1998-99).

**Projected Offsets.** DHFS anticipates receiving revenue from a variety of sources to offset the costs of administering the child welfare system in Milwaukee County. Specifically, the bill includes revenues from:

- Milwaukee County's required contribution for the provision of child welfare services (\$24,365,900 in 1997-98 and \$48,731,700 in 1998-99);
- Refunds and recoveries from child support payments, supplemental security income payments, and other sources of revenue provided for care of children in DHFS custody (\$2,319,700 in 1997-98 and \$4,639,500 in 1998-99);
- Funding in the DHFS base budget for Milwaukee child welfare costs (\$499,800 in 1997-98 and \$999,800 in 1998-99);
- Funding available from the repeal of specific programs related to providing child welfare programs in Milwaukee (\$533,800 in 1997-98 and \$1,067,500 in 1998-99). These activities will be incorporated into the child welfare system under DHFS administration.

**Other Expenditure Authority.** PR expenditure authority is provided to DHFS for activities performed by the Division Management and Technology and billed to the Division of Children and Family Services for Milwaukee child welfare system administration. A total of \$6,108,300 PR is budgeted in 1997-98 and \$2,345,700 PR in 1998-99. These costs are primarily related to development of the automated case management system and infrastructure support. Personnel and fiscal services costs are also included in these amounts.

## **MODIFICATIONS TO SB 77 REQUESTED BY DHFS**

In a letter to the Co-Chairs of the Committee dated April 21, 1997, DHFS Secretary Leraan requested two language changes to the bill related to the administration of child welfare services in Milwaukee County.

The first change would require that two members be appointed to the Milwaukee Child Welfare Partnership Council by the children's services networks which, under current law, are organized by the agencies responsible for administering Wisconsin Works (W-2) in Milwaukee County and that the children's services networks provide a forum for discussion of Milwaukee child welfare issues. This change is intended to achieve the appropriate linkages and coordination between the advisory groups for W-2 and those for Milwaukee child welfare.

The second change would modify the required contribution by Milwaukee County towards the costs of providing child welfare services. The contribution included in the bill does not include \$13.8 million FED received by Milwaukee County through community aids. This change is requested to make SB 77 consistent with the requirement in Act 303 that Milwaukee



County provide on an annual basis the level of funding expended in calendar year 1995 for the costs of administering child welfare services in that county.

In a second letter to the Co-Chairs of the Committee dated May 12, 1997, Secretary Leraan requested changes to funding provided for Milwaukee child welfare. Specifically the letter requested funding for the following items:

- Costs to provide medical assistance (MA) eligibility to parents who lose custody of their children as a result of a court order;
- Increased capitation rates for health maintenance organizations (HMOs) in Milwaukee County for the increased level of mental health and substance abuse treatment that HMOs will be required to provide to parents of children in the child welfare system;
- Child care for working foster parents in Milwaukee County; and
- Overhead and administrative costs which address concerns that funding provided for contracted staff would not be sufficient to enable Milwaukee County to participate in the administration of child welfare services.

In addition, DHFS has identified potential savings which could be applied towards the increased costs requested. DHFS has requested \$1,695,800 GPR in 1997-98 and \$5,719,200 GPR in 1998-99 to fund its request, which reflects these projected savings. These requests will be reviewed in subsequent budget papers prepared by this office.

The attachment provides a summary of the cost of providing child welfare services in Milwaukee County as provided in SB 77.

Prepared by: Rachel Cissne

**Milwaukee Child Welfare Services  
Governor's Recommendations**

<u>Cost Items</u>	<u>1997-98</u>			<u>1998-99</u>		
	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
State Staff	\$3,173,400	\$1,360,000	\$4,533,400	\$4,239,300	\$1,817,000	\$6,056,300
Contract Staff Services						
Foster Care Placement Services	\$2,039,900	\$933,500	\$2,973,400	\$3,813,500	\$1,752,800	\$5,566,300
Case Management Services	5,928,600	3,231,800	9,160,400	10,789,500	5,853,000	16,642,500
Adoption Placement Services	1,192,500	511,000	1,703,500	2,155,700	923,900	3,079,600
Financial Eligibility Determinations	<u>171,000</u>	<u>73,300</u>	<u>244,300</u>	<u>342,000</u>	<u>146,600</u>	<u>488,600</u>
Subtotal	\$9,332,000	\$4,749,600	\$14,081,600	\$17,100,700	\$8,676,300	\$25,777,000
Evaluations	302,100	165,000	467,100	605,700	328,500	934,200
Safety Services	6,550,700	531,900	7,082,600	20,511,100	1,665,500	22,176,600
Temporary Care	581,100	317,500	898,600	1,165,100	632,000	1,797,100
Out-of-home Placements						
Foster care	\$7,271,900	\$3,972,400	\$11,244,300	\$15,756,000	\$8,547,200	\$24,303,200
Group home	203,300	111,100	314,400	578,700	313,900	892,600
Child caring institution	1,627,200	888,900	2,516,100	3,251,600	1,763,900	5,015,500
Treatment foster care	<u>1,437,700</u>	<u>785,300</u>	<u>2,223,000</u>	<u>2,028,400</u>	<u>1,100,400</u>	<u>3,128,800</u>
Subtotal	\$10,540,100	\$5,757,700	\$16,297,800	\$21,614,700	\$11,725,400	\$33,340,100
Continuing Services	1,279,200	380,100	1,659,300	7,229,400	1,362,000	8,591,400
Wraparound Services	256,100	139,900	396,000	513,500	278,500	792,000
Automated Information System	3,636,400	3,636,400	7,272,800	1,643,600	1,643,600	3,287,200
Independent Investigations	63,000	27,000	90,000	126,000	54,000	180,000
Foster Care Review Board	42,000	18,000	60,000	84,000	36,000	120,000
Training and Continuing Education	313,500	256,500	570,000	277,100	226,700	503,800
Furniture and Travel	<u>974,800</u>	<u>417,800</u>	<u>1,392,600</u>	<u>367,900</u>	<u>157,700</u>	<u>525,600</u>
<b>Total</b>	<b>\$37,044,400</b>	<b>\$17,757,400</b>	<b>\$54,801,800</b>	<b>475,478,100</b>	<b>\$28,603,200</b>	<b>\$104,081,300</b>
<b>Base Funding Available</b>						
DHFS Staff Costs	\$942,500	\$403,900	\$1,346,400	\$942,500	\$403,900	\$1,346,400
Other Costs	<u>2,475,500</u>	<u>7,065,400</u>	<u>9,540,900</u>	<u>2,475,500</u>	<u>7,076,700</u>	<u>9,552,200</u>
Total Base Funding	\$3,418,000	\$7,469,300	\$10,887,300	\$3,418,000	\$7,480,600	\$10,898,600
<b>Total Budgeted Expenditures</b>	<b>\$40,462,400</b>	<b>\$25,226,700</b>	<b>\$65,689,100</b>	<b>\$78,896,100</b>	<b>\$36,083,800</b>	<b>\$114,979,900</b>
<b>Offsets</b>						
Milwaukee County Contribution	-\$24,365,900	\$0	-\$24,365,900	-\$48,731,700	\$0	-\$48,731,700
Base Funding Available for						
Costs Included in DHFS Plan	-291,400	-208,400	-499,800	-583,000	-416,800	-999,800
Refunds and Recoveries	-2,319,700	0	-2,319,700	-4,639,500	0	-4,639,500
Other Base Funding Available	<u>-533,800</u>	<u>0</u>	<u>-533,800</u>	<u>-1,067,500</u>	<u>0</u>	<u>-1,067,500</u>
Total Offsets	-\$27,510,800	-\$208,400	-\$27,719,200	-\$55,021,700	-\$416,800	-\$55,438,500
<b>Total Funding, Adjusted to Reflect Offsets</b>	<b>\$12,951,600</b>	<b>\$25,018,300</b>	<b>\$37,969,900</b>	<b>\$23,874,400</b>	<b>\$35,667,000</b>	<b>\$59,541,400</b>

\*In addition to the amounts in the table, SB 77 provides \$6,108,300 PR in 1997-98 and \$2,345,700 PR in 1998-99 to reflect funding transferred within DHFS for administrative support services provided by the Division of Management and Technology.

To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Community Aids Funding and Statutory Changes (DHFS -- Children and Family Services and Supportive Living)**

[LFB Summary: Page 298 #1, 299 #2 (part), and 316, #14 (part)]

## CURRENT LAW

Under the community aids program, the Department of Health and Family Services (DHFS) distributes funds to counties for the provision of social services for low-income persons and children in need of protection and services and services for persons with needs relating to mental illness, substance abuse and developmental disabilities. In the 1995-97 biennium, approximately \$634.2 million (all funds) is budgeted for the program. Of this amount, approximately 66% is supported with GPR; the remainder is supported with a variety of federal funds. Allocations are distributed to counties on a calendar year basis. Counties are required to submit their proposed budget expenditures for community aids by December 1 of each year on a form developed by DHFS and approved by the Department of Administration. Approximately 93% of community aids is distributed as a basic county allocation (BCA); the remainder is earmarked for specific purposes.

*Basic County Allocation.* The BCA can be used for any of the eligible community aids services, such as supportive home care services, specialized transportation and escort services, community living and support services, residential services such as foster care and adult family home care, inpatient and institutional care, work-related and day services, community treatment programs and prevention and outreach activities. Federal funding provided to counties through the BCA, includes the social services block grant (SSBG), child welfare services under Title IV-B of the Social Security Act, and reimbursement under Title IV-E of the Social Security Act for costs of providing foster care to children from homes eligible for the aid to families with dependent children (AFDC) program.

*Substance Abuse Prevention and Treatment (SAPT) Block Grant.* Funding is earmarked in order to ensure it is spent according to federal guidelines, which require that at least: (a) 20% is spent for education and prevention; (b) 35% is spent for prevention and treatment for alcohol abuse; (c) 35% is spent for prevention and treatment of drug abuse; and (d) 5% is spent for treatment programs for pregnant women and mothers.

*Family Support Program.* Funding is provided to enable children with severe disabilities to remain at home with their parents. Eligible families can receive up to \$3,000 annually in services and goods that include training for parents, respite care, home modification and attendant care.

*Community Mental Health (CMH) Block Grant.* Funding is earmarked to ensure that it is spent according to federal guidelines. Federal law requires that funds be spent to provide comprehensive community mental health services to adult with serious mental illness and to children with serious emotional disturbances and to evaluate programs and services, conduct planning, administration and educational activities related to mental illness.

*Alzheimer's Family and Caregiver Support Program.* Funding is enable persons with Alzheimer's disease to remain at home. Typical services include respite care and adult day care.

Counties are required to provide a 9.89% match to community aids allocations, except for funding provided for child welfare services under Title IV-B of the federal Social Security Act and the SAPT and CMH block grants. The estimated required match per county for 1997 allocations totals \$30.8 million. County matching funds may be provided from county tax levies, state revenue sharing funds or private donations. In addition, many counties provide additional funds, or overmatch their required match to community aids. In 1995, the most recent year for which information is available, counties provided \$165.9 million in addition to required match funds.

## GOVERNOR

*Community Aids Funding Level.* Reduce funding for community aids by \$7,701,600 (all funds) in 1997-98 and \$8,610,900 (all funds) to reflect: (a) reductions in available federal funds; (b) the transfer of \$31.8 million annually from the temporary assistance for needy families (TANF) block grant from the Department of Workforce Development (DWD) and a corresponding decrease in GPR funds; and (c) the transfer of funds for tribal child care. The following table summarizes all changes to community aids funding recommended by the Governor in each year of the 1997-99 biennium.

## Community Aids Funding Governor's Recommendations

	1997-98				1998-99			
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Base Funding	\$206,685,600	\$105,091,800	\$0	\$311,777,400	\$206,685,600	\$105,091,800	\$0	\$311,777,400
Changes to Community Aids								
Transfer of TANF Funds from DWD	-\$31,800,000	\$0	\$31,800,000	\$0	-\$31,800,000	\$0	\$31,800,000	\$0
Federal Funding Reductions								
Substance abuse block grant	0	-791,300	0	-791,300	0	-1,061,100	0	-1,061,100
Social services block grant	0	-6,381,700	0	-6,381,700	0	-6,951,200	0	-6,951,200
Title IV-B - child welfare	0	-115,800	0	-115,800	0	-185,800	0	-185,800
Transfer Tribal Child Care from DHFS to DWD	-412,800	0	0	-412,800	-412,800	0	0	-412,800
Subtotal	-\$32,212,800	-\$7,288,800	\$31,800,000	-\$7,701,600	-\$32,212,800	-\$8,198,100	\$31,800,000	-\$8,610,900
Total Community Aids Funding	\$174,472,800	\$97,803,000	\$31,800,000	\$304,075,800	\$174,472,800	\$96,893,700	\$31,800,000	\$303,166,500

*Transfer of Funding Within DHFS.* Transfer \$2,710,100 FED annually from the Division of Supportive Living (DSL) to the Division of Children and Family Services (DCFS) to reflect the portion of the federal SAPT block grant distributed to counties that must be expended for prevention activities to comply with federal law.

### DISCUSSION POINTS

#### Use of the TANF Block Grant

1. States may use up to 10% of their TANF block grant for purposes consistent with the purposes of the social services block grant (SSBG), if states also use 20% of their TANF block grant to fund child care. Wisconsin's annual TANF block grant allocation is \$318.2 million, of which up to \$31.8 million can be used for the same purposes as the SSBG. In 1997-98, approximately 87% of the SSBG would be distributed to counties through community aids. The remainder is used to support DHFS state operations and the displaced homemakers program.

2. The primary arguments that support the administration's proposal to substitute TANF funds for GPR base funding for community aids are that: (a) available TANF funds exceed the administration's projections of funding necessary to implement the W-2 program; (b) these excess funds can be used to support services for low-income families, such as child welfare services, that are currently supported under community aids; and (c) reducing GPR support for community aids and reallocating these funds to other GPR-supported programs reduces the need to increase GPR revenues or reduce GPR spending for lower-priority programs as a means of maintaining

high priority GPR-supported commitments, including increasing state funding for public education. Further, the administration argues that the budget provides significant increases in GPR funding for providing child welfare services in Milwaukee County and funding for the earned income tax credit.

3. Opposition to the proposal is based on concerns that: (a) these TANF funds could be used to provide increased benefits under the W-2 employment program or reduce copayments for W-2 child care; (b) if the actual costs of implementing W-2 exceeds the amounts budgeted for the program in SB 77, no TANF funding would be available to support unanticipated costs; and (c) TANF funds could have been used to increase funding for community aids, rather than to substitute GPR base funding. Some county officials have expressed concern that implementation of the Wisconsin Works employment program will increase demand for county social services.

However, the GPR cost of deleting the proposed substitution of TANF funds for GPR funds to support community aids is \$31.8 million GPR annually and a corresponding savings of TANF funds.

4. The Governor's bill would reduce funding for community aids from the SSBG by \$6,381,700 FED in 1997-98 and \$6,951,200 FED in 1998-99 to reflect reestimates of federal funds available from that source. Since the federal legislation authorizes states to use TANF block grant funds for the same purposes as the social services block grant, the Committee could hold counties harmless from federal reductions in the SSBG by increasing GPR support for community aids by the amounts of the SSBG that would be reduced under the bill, beginning with calendar year 1998 allocations. Alternatively, the Committee could increase GPR funding as a substitute for funding from the TANF block grant that would be budgeted for community aids. Under this option, these TANF funds would be available to support other costs relating to W-2 not budgeted in SB 77.

5. The amount of GPR funding for community aids in SB 77 is sufficient to meet federal requirements for state funding of foster care and certain medical assistance (MA) services. Because these are federal match programs, the state must provide approximately 40% of the costs for eligible recipients. The state requirement for these programs totals \$38.3 million annually. To the extent that state funding provided in community aids is not sufficient to meet federal match requirements, county matching funds could be used to meet the match requirements.

### **Program Funding Level**

6. SB 77 reduces funding for community aids to reflect federal funding reductions in the SSBG and SAPT block grant, and child welfare funding received under Title IV-B of the Social Security Act. These adjustments reflect reductions to base funding for community aids, which was established during the 1995-97 biennial budget deliberations, prior to the enactment of the federal reductions. However, actual 1996 and 1997 community aids allocations have been

adjusted by DHFS to reflect the federal funding reductions. In other words, the funding reductions provided in SB 77 reflect reductions that have already been implemented in calendar year 1996 and 1997 allocations.

7. The calendar year 1998 and 1999 community aids allocations will be adjusted slightly under the Governor's budget recommendations from actual allocations for calendar 1997. The following table shows the community aids allocations for calendar year 1997, 1998 and 1999 based on the Governor's recommendations.

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Basic County Allocation	\$283,512,000	\$284,532,000	\$284,212,200
SAPT Block Grant	11,143,200	10,359,000	10,224,100
Family Support Program	4,339,800	4,339,800	4,339,800
Mental Health Block Grant	2,513,400	2,513,400	2,513,400
Alzheimer's Support Program	<u>1,877,000</u>	<u>1,877,000</u>	<u>1,877,000</u>
Total	\$303,385,400	\$303,621,200	\$303,166,500

Since reductions in the SSBG for federal fiscal year 1995-96 were not enacted until late in federal fiscal year 1995-96, the calendar year 1997 allocations were adjusted to reflect SSBG reductions for both federal fiscal years 1995-96 and 1996-97. The result is a slight increase in the calendar year 1998 BCA from the 1997 BCA. In addition, the administration assumes a 15% decrease in base funding for the SSBG in federal fiscal years 1997-98 and 1998-99, based on funding provided in the President's proposed 1997-98 budget. This level of funding is consistent with federal fiscal year 1995-96 funding.

8. As an alternative to the Governor's recommendations, the Committee could increase funding for community aids by a specified percentage (1% or 2% annually, for example). However, SB 77 does not provide inflationary increases for the state's other two aids programs to counties, youth aids and shared revenue. SB 77 reduces funding for youths aids by \$1.5 million annually and maintains funding for shared revenue payments at current levels. On May 6, 1997, the Committee voted to adopt the Governor's recommended funding for the shared revenue program.

#### **Transfer of Substance Abuse Prevention and Treatment Block Grant Funds**

9. SB 77 transfers \$2,710,100 FED of SAPT block grant funds budgeted for community aids from the Division of Supportive Living (DSL) to the Division of Children and Family Services (DCFS). The Governor recommended this transfer as a means of reallocating all DHFS base funding associated with prevention programs to DCFS.

10. This funding would continue to be provided through community aids, but would be earmarked for prevention activities as required by federal law. However, these funds would be budgeted in a DCFS federal program appropriation for local assistance and would not be clearly

identified as community aids funding in the appropriation schedule. These funds should be budgeted in a separate appropriation so they are clearly identified as community aids funding. If the Committee agrees that funding for prevention activities should be budgeted within one division in DHFS, it could create an appropriation in DCFS for community aids-supported prevention activities so that these funds would clearly be identified as community aids funds.

## ALTERNATIVES TO BILL

### A. Funding for Community Aids

1. Adopt Governor's recommended funding levels for community aids.

2. *FAIL* Modify the Governor's recommendations by increasing funding by \$3,190,900 GPR in 1997-98 and \$6,951,200 GPR in 1998-99 to eliminate the effect of reduced federal funding available under the social services block grant.

<u>Alternative A2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$10,142,100

3. Modify the Governor's recommendations by increasing funding by \$3,190,900 GPR in 1997-98 and \$6,951,200 GPR in 1998-99 and reduce PR funding by corresponding amounts to adopt the Governor's funding level for community aids.

<u>Alternative A3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$10,142,100	- \$10,142,100	\$0

4. Delete the transfer of \$31.8 million annually from the TANF block grant to support the community aids program and increase GPR funding for community aids by \$31.8 million annually.

<u>Alternative A4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$63,600,000	- \$63,600,000	\$0

5. *FAIL* Provide GPR funding by any of the following amounts to reflect annual increases in the community aids BCA, effective with state-county contracts beginning January, 1998 and January, 1999:



## HEALTH AND FAMILY SERVICES

### Children and Family Services and Supportive Living

#### Community Aids -- Reallocate Funding Based on Formula

#### Motion:

Move to require DHFS to allocate funding for the community aids basic county allocation based on the statutory formula, beginning with 1998 calendar year allocations.

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#### Note:

The community aids formula was created by Chapter 34, Laws of 1979, as a means of determining need among counties for state aids for social services, services for persons with developmental disabilities and substance abuse and mental health services. The formula has never been used as the basis for redistributing the basic county allocation received by counties. Rather, it was used in state-county contracts, beginning in 1980 and again in 1991, to determine counties under-funded relative to the formula and provide equity adjustments to those counties.

The community aids formula is not specified in statute. However, the formula the Department has used in the past to distribute incremental increases in the basic county allocation is based on three factors, each weighted equally.

1. *Each county's share of the state's medical assistance population.* This factor is intended as a measure of the potential demand for human services within each county.

2. *The urban-rural nature of each county.* This factor provides proportionately larger allocations to counties with the most urban and most rural populations and is intended as a measure of both the degree of social and economic problems within each county and the relative cost of providing services.

"Urban counties" are defined as those counties in which 70% or more of their population are living in communities of \$2,500 or more. These counties would receive 40% of the allocation, based on this factor. Rural counties are defined as those counties in which less than 9% of the population are living in communities of 2,500 or more persons. These counties would

receive 40% of the allocation available for this factor. The remaining 20% would be allocated to those counties with between 9% and 70% of their populations living in communities of 2,500 or more.

3. *The per-capita market value of the taxable property in each county.* This factor is intended as a measure of each county's ability to provide human services beyond the level of state and federal funding and the required county match.

This motion would redistribute the basic county allocation among counties based on the formula, beginning in calendar year 1998.

MO# 1677

JENSEN	<input checked="" type="checkbox"/>	N	A
OURADA	<input checked="" type="checkbox"/>	<del>N</del>	A
HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	<del>N</del>	A
<sup>2</sup> GARD	<input checked="" type="checkbox"/>	<del>N</del>	A
/ KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	<del>N</del>	A
COGGS	<input checked="" type="checkbox"/>	<del>N</del>	A

BURKE	<input checked="" type="checkbox"/>	<del>N</del>	A
DECKER	<input checked="" type="checkbox"/>	<del>N</del>	A
GEORGE	<input checked="" type="checkbox"/>	<del>N</del>	A
JAUCH	<input checked="" type="checkbox"/>	<del>N</del>	A
WINEKE	<input checked="" type="checkbox"/>	<del>N</del>	A
SHIBILSKI	<input checked="" type="checkbox"/>	<del>N</del>	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 5 NO 11 ABS

	1997-98		1998-99	
	<u>% Increase</u>	<u>Amount</u>	<u>% Increase</u>	<u>Amount</u>
a.	1.0%	\$592,900	1.0%	\$4,602,000
b.	2.0%	2,015,600	2.0%	8,912,700
c.	3.0%	3,438,300	3.0%	13,251,800

**B. Transfer of SAPT Block Grant Funds to DCFS**

1. Adopt the Governor's recommendation to transfer \$2,710,100 FED from the Division of Supportive Living to DCFS to reflect the portion of the SAPT block grant earmarked for prevention activities and budget these funds in a local assistance appropriation.

2. Modify the Governor's recommendation by budgeting these funds in a new appropriation in DCFS for community aids-supported prevention activities.

3. Delete provision.

Prepared by: Rachel Cissne

MO# A/H #A50

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

MO# A/H #A2

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

MO# A/H #B2

JENSEN	<del>Y</del>	N	A
OURADA	<del>Y</del>	N	A
HARSDORF	<del>Y</del>	N	A
ALBERS	<del>Y</del>	N	A
GARD	<del>Y</del>	N	A
KAUFERT	<del>Y</del>	N	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

BURKE ~~Y~~ N A  
 DECKER ~~Y~~ N A  
 GEORGE ~~Y~~ N A  
 JAUCH ~~Y~~ N A  
 WINEKE ~~Y~~ N A  
 SHIBILSKI ~~Y~~ N A  
 COWLES ~~Y~~ N A  
 PANZER ~~Y~~ N A

BURKE ~~Y~~ N A  
 DECKER ~~Y~~ N A  
 GEORGE ~~Y~~ N A  
 JAUCH ~~Y~~ N A  
 WINEKE ~~Y~~ N A  
 SHIBILSKI ~~Y~~ N A  
 COWLES ~~Y~~ N A  
 PANZER ~~Y~~ N A

BURKE ~~Y~~ N A  
 DECKER ~~Y~~ N A  
 GEORGE ~~Y~~ N A  
 JAUCH ~~Y~~ N A  
 WINEKE ~~Y~~ N A  
 SHIBILSKI ~~Y~~ N A  
 COWLES ~~Y~~ N A  
 PANZER ~~Y~~ N A

AYE 4 NO 8 ABS

AYE 4 NO 8 ABS 1

AYE 15 NO 1 ABS

HEALTH AND FAMILY SERVICES  
Children and Family Services and Supportive Living

Community Aids -- Funding for Treatment of Eating Disorders

Motion:

Move to expand the scope of services that can be supported by community aids to include treatment for individuals with eating disorders. Further, create a committee to study the need for community funding and support for the treatment of eating disorders (primarily anorexia nervosa and bulimia). Specify that the committee would be comprised of DHFS staff from appropriate DHFS divisions and bureaus, representatives of at least two different Wisconsin counties, and any other public members DHFS determines necessary. Specify that at least one public member must have had an eating disorder, or a family member that has had an eating disorder. Direct the Committee to report its findings to the Legislature by June 1, 1998.

Note:

Currently, community aids are provided to counties to fund social services for low-income individuals, mental health and substance abuse services, and services for persons with developmental disabilities. This motion would also authorize, but not require, counties to expend community aids funds to provide treatment services to persons with eating disorders. In addition, the motion would create a committee to study the need for community funding and support for the treatment of eating disorders, and to submit its findings to the

MO# 3074

JENSEN	<input checked="" type="checkbox"/>	N	A
OURADA	<input checked="" type="checkbox"/>	<del>N</del>	A
HARSDORF	<input checked="" type="checkbox"/>	<del>N</del>	A
ALBERS	<input checked="" type="checkbox"/>	<del>N</del>	A
GARD	<input checked="" type="checkbox"/>	<del>N</del>	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
GEORGE	<input checked="" type="checkbox"/>	<del>N</del>	A
JAUCH	<input checked="" type="checkbox"/>	<del>N</del>	A
WINEKE	<input checked="" type="checkbox"/>	<del>N</del>	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	<del>N</del>	A
PANZER	<input checked="" type="checkbox"/>	N	A

Motion #3074

AYE 8 NO 8 ABS

## HEALTH AND FAMILY SERVICES

### Tribal Child Care

#### Motion:

Move to delete the SB 77 provision that would transfer \$412,800 GPR annually of funding for tribal child care, which is currently part of the tribal consolidated family services program under community aids, to the Department of Workforce Development for W-2 child care. In addition, specify that any allocation from these funds be used only for low-income child care or crisis and respite child care in accordance with the requirements of the federal child care and development block grant (CCDBG).

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#### Note:

SB 77 would transfer \$412,800 GPR annually from tribal child care funds budgeted in community aids to the DWD W-2 child care appropriation. These funds are part of the consolidated family services program, and are distributed to eleven Wisconsin Indian tribes. The consolidated family services program combines 11 categorical programs into a single family-based program. The \$412,800 represents the amount of funding that was previously earmarked for child care, prior to the consolidation. Part of this funding is used for crisis and respite child care as well as low-income child care. Child care assistance under W-2 is not available for crisis and respite child care.

In order for the state to receive all of the federal funds available under the federal CCDBG, the state must spend \$26.8 million in 1997-98 and \$28.0 million in 1998-99 for child care assistance. Under SB 77, the state would meet this matching requirement by appropriating these amounts under the W-2 child care program. If the W-2 child care appropriation is reduced by \$412,800 GPR annually, the state must increase its GPR spending for child care in other areas in order to meet the federal matching requirements.

This motion would restore the \$412,800 to the community aids distribution to Indian Tribes and delete a corresponding amount of funding in DWD for W-2 child care. However, the motion would add restrictions to the use of these funds so that this funding, while budgeted in DHFS

under community aids, could be counted as part of the state matching requirement for the CCDBG. Indian tribes would be required to use these funds only for low-income child care (child care for work activities) or crisis or respite child care in a manner that would be compatible with the federal requirements for use of CCDBG funds.

MO# 3102

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A

BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	N	A

AYE 16 NO 0 ABS